

Implications of European Community Enlargement for U.S. Tobacco Exports

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FOREWORD

The United Kingdom, Ireland, and Denmark became European Community (EC) members January 1, 1973. As such, they must adopt the EC's tobacco policies. These now include a Common Agricultural Policy (CAP) for tobacco, a common external tariff (CXT) on tobacco and tobacco products, preferential tariff treatment on tobacco imports from associated countries, provisions for harmonization of the excise tax on tobacco products by stages, and continuation of monopoly control over tobacco products retailing in Italy and France.

The EC, in mid-1970, adopted a Common Agricultural Policy for tobacco. The CAP provides: Guaranteed high prices with no automatic production controls; a lucrative buyer's premium for purchasers of EC leaf; an export subsidy; and limitations on imports by a safeguard clause. The CAP is expected to encourage tobacco production in the six EC countries, especially in Italy, the largest producer.

The EC at present has a common external tariff (CXT) which discriminates against high-quality leaf such as that imported from the United States. The new members will soon begin phasing in this CXT on tobacco imports from outside the EC and reducing to zero their tariffs on tobacco imports from other EC partners and from countries receiving preferential treatment for tobacco exports to the EC. The latter countries include such important tobacco exporters as Greece, Turkey, and Tanzania. By July 1, 1977, the United States will be facing the CXT for tobacco exports to these three members while tobacco from countries which produce about 1 billion pounds is expected to be duty-free.

The EC now grants duty-free treatment for tobacco imports from the Associated African and Malagasy States, the Overseas Countries and Territories, and the East African countries (Tanzania, Kenya, and Uganda). Greece and Turkey, as associate EC members also get duty-free treatment for their tobacco exports to the Community. Three of these (Tanzania, Kenya, and Uganda) already receive preferential treatment for tobacco exports to the United Kingdom and all may eventually receive duty-free treatment in each of the other two new members. In addition, the United Kingdom plans to bring in a number of Commonwealth members to which it now gives preferential treatment for tobacco imports and which eventually may

receive preferential treatment in each of the other eight EC partners.

The member states of the European Community intend to move by stages to a harmonized excise tax on cigarettes consisting of an ad valorem element and a specific element. An ad valorem tax will adversely affect the sale of cigarettes containing high-quality, high-priced tobaccos such as those exported by the United States. An EC directive adopted by the Council of Foreign Ministers December 1972 requires that during the first stage of harmonization, July 1, 1973 to July 1, 1975, the specific portion of the excise tax in each member state must be between 5 and 75 percent of the excise tax applied to retail prices of most popular brands of cigarettes. The United Kingdom and Ireland are not required to comply with the provisions of this Directive until January 1, 1978. Denmark's excise tax apparently already complies with the Directive. An earlier Council resolution made a similar proposal for the six original members, and Germany now has a tax with an ad valorem element of 25 percent, and the other original members have a tax 95 percent ad valorem.

The tobacco monopolies in Italy and France may have unrestricted access to the tobacco markets in the three new members for their cigarettes made with low-cost tobacco while these three countries will be restricted in marketing their cigarettes, made with expensive, high-quality U.S. and other tobaccos, in Italy and France. A council resolution provides that exclusive right of importation and wholesale marketing must be abolished by January 1, 1976. This action represents little reform in monopoly operations, however, for as long as the monopolies can license retailers and thus control retail trade, access for outside tobacco products will remain limited.

These policies are discriminatory to high-quality tobacco such as that exported by the United States, and unless eliminated or substantially modified, can be expected to have a strong adverse effect on U.S. tobacco exports to the three new members. This report discusses the present magnitude of these tobacco markets and analyzes the possible effects of EC accession on U.S. tobacco exports to these markets.

Hugh C. Kiger, Director
Tobacco Division

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IMPLICATIONS OF EUROPEAN COMMUNITY ENLARGEMENT FOR U.S. TOBACCO EXPORTS

By Robert W. Johnson

The European Community (EC) is the world's largest market for U.S. tobacco exports. The EC-6 took 30 percent of U.S. unmanufactured tobacco exports during the 5-year period ending June 30, 1972. The EC-6, plus the United Kingdom, Ireland, and Denmark (which became EC members January 1, 1973) took 58 percent of U.S. exports of unmanufactured tobacco during that period. None of the three new members produces tobacco while the original six countries are about one-third self-sufficient and are encouraging domestic production through a Common Agricultural Policy (CAP) which provides high price supports and premiums to buyers of EC leaf.

The original six EC members have eliminated tariffs among themselves so that tobacco and tobacco products produced in any one may move duty free to any of the others. (Excise tax systems for tobacco products still differ however, and this has some restrictive effect on trade.) The major tobacco producers are Italy and France (Table 1, Appendix C). The three new members will progressively lower their duties on imports from the other members so that by July 1, 1977, there will be no duty on raw tobacco imported from EC producers and probably from some, if not all, countries which receive preferences on tobacco in the EC. These include such important tobacco exporters as Greece, Turkey, and Tanzania. The three also will eliminate by July 1, 1977, duties on tobacco product

imports from each other and from the other members.

The EC has adopted a common external tariff (CXT) on tobacco and tobacco product imports from outside the EC preferential trade area. This CXT provides for a much higher tariff rate for leaf tobacco valued over about \$1.42 per pound c.i.f. Some highly processed U.S. leaf is beginning to reach this level now. All three new members will adopt, over a period of time, the EC's CXT on tobacco and tobacco product imports from outside the EC preferential trade area.

The EC's CAP, which encourages domestic production through high price supports, and which encourages consumption of this tobacco through premiums paid to buyers of EC leaf, has been the subject of complaints by all segments of the U.S. tobacco economy and the U.S. Government. Other issues about which the United States has complained are continuation of monopoly control over tobacco retailing in Italy and France; excise tax harmonization based on high ad valorem rates which could adversely affect high-quality U.S. tobacco; substantially higher CXT tariff rates for more expensive tobacco, which also adversely affects high quality, and especially strips or stemmed U.S. cigarette tobacco; and tariff preferences given to low cost producers associated with the EC. (*Foreign Agriculture*, Nov. 2, 1970; Aug. 30, 1971; Dec. 6, 1971; April 3, 1972; and October 2, 1972.)

MARKET HARMONIZATION

The EC intends, eventually, to completely harmonize its tobacco leaf and tobacco products market. This will include harmonization of excise taxes in each country in addition to elimination of tariffs on intra-EC trade in tobacco and tobacco products and adoption of a common external tariff. It also will include adoption of a value-added tax which initially may be at a different level in each country but the rate of which must eventually be harmonized to a common level. All nine countries are expected to adopt a value-added tax by mid-1973. Elimination of intra-EC tariffs, and adoption by the new members of a common external tariff will have been completed by July 1, 1977. Harmonization of excise taxes may

extend beyond mid-1977, but the only important barrier left to the free internal movement of tobacco products after that date will be continuation of monopoly control of retailing in Italy and France. Unless present regulations are changed, monopolies in those countries will continue to license retailers. This gives them effective control over retail sales of imported tobacco products.

Harmonization of Common External Tariff

The EC's CXT for leaf tobacco, which each of the new members must adopt, is denominated in terms of units of account (U.A.) It is: (1) For leaf valued at

less than 280 U.A. per 100 kilograms, 23 percent but not less than 28 U.A. and not more than 33 U.A. per 100 kilograms. (2) For leaf valued at 280 U.A. per 100 kilograms or more, 15 percent but not more than 70 U.A. per 100 kilograms.

These tariffs are paid in the currencies of each of the member countries. For example, a German tobacco importer would pay the tariff at the rate of 3.66 Deutschmarks per unit of account, the official rate of exchange between Deutschmarks and units of account. The tariffs may then be converted to U.S. dollar equivalent at the market rate for converting Deutschmarks to dollars (approximately 3.22 Deutschmarks per dollar for early 1973). The dollar equivalent of this tariff for a German importer then would be: (1) For leaf valued at less than US\$1.44 per pound, 23 percent but not less than 14 U.S. cents per pound and not more than 17 U.S. cents per pound. (2) For leaf valued at US\$1.44 per pound or more, 15 percent but not more than 36 U.S. cents per pound. The dollar equivalents of the tariff for other members of the EC-6 are shown in Table 2, Appendix C. As of January 1973, official rates for converting units of account to the currencies of the three applicants had not been established.

The schedule for adoption of the CXT by the applicants and the zero internal tariff is as follows: The CXT will be adopted for both leaf and products by eliminating, on January 1, 1974, 40 percent of the difference between the present duty and the CXT. An additional 20 percent will be eliminated January 1, 1975; another 20 percent January 1, 1976, and the final 20 percent July 1, 1977. The tariff on imports from other members will be reduced to zero by eliminating 20 percent of the tariff on July 1, 1973, for leaf tobacco, and on April 1, 1973, for tobacco products. The balance of the tariff for both leaf and products will be eliminated in steps of 20 percent each on January 1, of 1974, 1975, and 1976, and July 1, 1977.

This is illustrated in tabular form as follows:

Date	Schedule for eliminating difference between present tariff and CXT ¹	Schedule for eliminating present tariff	
		Leaf	Products
	Percent	Percent	Percent
April 1, 1973. .	--	--	-20
July 1, 1973. .	--	-20	--
Jan. 1, 1974. .	-40	-20	-20
Jan. 1, 1975. .	-20	-20	-20
Jan. 1, 1976. .	-20	-20	-20
July 1, 1977. .	-20	-20	-20

¹ Bath leaf and products.

The United Kingdom will follow this schedule both for leaf tobacco and tobacco products. The United Kingdom will phase in the zero duty on leaf imports from Greece and Turkey at the same time it phases in the zero duty from other EC countries. Tobacco from some Commonwealth countries (Appendix A) began entering the United Kingdom duty free on January 1, 1973. Some other Commonwealth countries and some countries receiving Commonwealth preferences will be treated as third countries by the United Kingdom and the CXT will be harmonized for them according to the above schedule. (See section on the United Kingdom.)

Ireland changed its revenue or "customs duty" on leaf tobacco to an excise tax January 1, 1973. For harmonization purposes, Ireland will have near zero duty from that date.¹ Ireland will phase its near zero or US\$0.0048 per pound duty to zero for leaf tobacco imports from the EC and, probably, from countries whose leaf tobacco now enters the EC duty free. Otherwise Ireland will follow the schedule for phasing its near zero duty to the CXT for leaf imports from outside the EC and EC preference area and for adopting the CXT for tobacco products.

Denmark, prior to becoming an EC member, had no duty on leaf imports from any source. Denmark will continue from January 1, 1973, with zero duty on leaf tobacco imports from the EC and probably from those countries whose leaf tobacco enters the EC duty free. Denmark also has zero duty on tobacco product imports from European Free Trade Association (EFTA) countries. This will continue in effect for the United Kingdom. But Denmark will adopt the CXT for leaf and product imports from outside the EC and EC preference area and will gradually reduce its duty on tobacco products to zero for other EC members.

Preferences

The EC-6 countries presently grant duty-free treatment to unmanufactured tobacco imports from Greece, Turkey, 18 Associated African States (Yaounde Agreement), and three countries of the Arusha Convention (Appendix B). Preferential duty treatment is also given to leaf tobacco and tobacco product imports from a number of minor producers such as Algeria and the Associated Overseas States and Territories (St. Pierre, and Miquelon, Comoran

¹The "duty" is actually the difference between the preferential rate on imports from the United Kingdom and the most-favored-nation (MFN) rate. This difference is only Irish £0.002 or US\$0.0048 per pound for stemmed tobacco and zero for unstemmed tobacco. The former duty was £4.416 for unstemmed leaf from all sources and £4.416 for stemmed leaf from the United Kingdom and Northern Ireland and £4.418 for stemmed leaf from other MFN sources.

Archipel, French Somalia, New Caledonia and Territories, Wallis and Futuna Islands, French Polynesia, Southern (Australian) and Antarctic Territories, Surinam, and the Netherlands Antilles). Tunisia, Morocco, Spain, Malta, and Israel also enjoy preferential treatment for tobacco products.

The United Kingdom is expected to maintain duty-free treatment for unmanufactured tobacco imports from 20 independent Commonwealth countries (the Annex VI countries) including such important tobacco exporters as Malawi, Tanzania, and Zambia (Appendix A).

The three new EC members are expected to extend preferences to the over 23 countries now receiving preferential treatment for tobacco exports to the EC-6, and all of the other members may extend duty-free treatment to tobacco exports from the 20 countries receiving preferential treatment in the United Kingdom. Negotiations on the latter action are expected to begin by August 1, 1973.

The countries which now have duty-free access to the tobacco market of the EC-6—Greece, Turkey, and the Yaounde and Arusha countries—have a combined tobacco production of about 600 million pounds. The Commonwealth countries which might be given access to the tobacco market of the EC-9, the Annex VI countries, less the Arusha countries, which are specified in Annex VI but which already have duty-free access to the EC-6 and to the United Kingdom, have a combined production of about 130 million pounds. The EC itself produces about 300 million pounds. Adding all of this production together, countries which produce about 1 billion pounds of tobacco may have duty-free access to the tobacco market of the nine countries of the expanded EC.

Excise Tax Harmonization

The EC eventually plans to harmonize its excise taxes on cigarettes to a common level which would consist of an ad valorem component and a specific component. If a high ad valorem component is adopted, it will adversely affect the sale of cigarettes containing high-quality, high-priced tobaccos such as those exported by the United States.

An EC council directive on tax harmonization was adopted by the Council of Ministers December 18 and 19, 1972. This directive requires that during the first stage of harmonization, July 1, 1973 to July 1, 1975, each Member State must have an excise tax with a specific and a proportional (ad valorem) component. The specific component may not be lower than 5 percent or higher than 75 percent of the total tax.

An earlier EC council resolution proposed that during a planned first stage of harmonization, July 1, 1971 to the end of 1973, the specific portion of the excise tax in each Member State would be between 5 and 75 percent of the excise tax applied at retail prices of cigarettes most in demand.

As a result of this original proposal, Germany now has a tax with an ad valorem component of 25 percent. The other five original members now have a tax with a 95 percent ad valorem component. Italy did not have to comply with the first stage resolution until January 1, 1973, which means that during that period Italy still maintained its 100-percent ad valorem tax. The United Kingdom and Ireland both have traditionally had a 100 percent specific² fiscal charge. A part of the fiscal charge became a 100 percent specific excise tax for Ireland January 1, 1973. The United Kingdom will change part of its fiscal charge to a 100 percent specific excise tax April 1, 1973. Neither of these countries is required to comply with the December 18 directive until January 1, 1978, thus they may maintain their 100 percent specific excise tax until that time. About two-thirds of Denmark's excise tax revenue is based on an ad valorem tax and one-third is based on a specific tax.

Value-Added Tax Harmonization

Five of the six EC countries have a value-added tax (VAT) which applies to tobacco, as well as to other products. Italy did not adopt this tax until January 1973. Each of the three new members also must adopt a VAT. Denmark already has a VAT which applies to tobacco products. The level is 15 percent. Ireland adopted a VAT November 1, 1972. The level for cigarettes is 5.26 percent. The United Kingdom will adopt a VAT April 1, 1973.

Initially the level of the tax may be different in each of the nine members but, eventually, the level of the tax is to be harmonized at the same percentage rate in all nine countries. An unsettled question is whether or not the VAT will be included as a part of the ad valorem component of the excise tax. A decision to apply it on top of the excise tax rather than including it as a part of the ad valorem component would widen the spread between cigarettes made from high-priced leaf and those of lower quality. It would, thus, create a disadvantage to consumers who smoke high-quality cigarettes and it would be disadvantageous to countries which export, and to firms which use, high-priced, high-quality leaf.

²No part of the tax is ad valorem.

UNITED KINGDOM

The United Kingdom is the world's largest tobacco importer and is traditionally the largest importer of U.S. tobacco. Imports from the United States increased substantially after the 1965 embargo on trade with Rhodesia, but the U.S. share of the U.K. market has declined since 1968. This decline reflects: (1) Increased competition from low-cost producers such as South Korea, Tanzania, and Brazil which have stepped up production in order to fill the gap left by Rhodesia; (2) a Commonwealth preference of 18 U.S. cents per pound provided to a number of major suppliers; (3) high hopes, in 1971, that trade would be resumed with Rhodesia; (4) anticipation that the United Kingdom might enter the EC and consequent uncertainty as to what effect this might have in shifting to other sources of supply; and, (5) a smoking and health campaign.

The U.S. share of the U.K. tobacco market was 32 percent in 1965. It jumped to 51 percent in 1966 and stayed at about that level for the next 2 years. It dropped to 44 percent in 1969, 41 percent in 1970, and 36 percent in 1971.

The traditional U.K. cigarette is made with all flue-cured tobacco containing no additives. About 95 percent of the United Kingdom's total tobacco imports are of the flue-cured type. Because of the no-additive rule, the flue-cured tobacco used must be of high quality. The average value of 1971 total imports of all types was 89 U.S. cents per pound. The average value of imports from the United States was \$1.10.

One reason for the especially high value of imports from the United States is that a high proportion of the U.S. leaf is stemmed. U.S. exports of stemmed leaf ("lamina") accounted for 77 percent of total U.S. exports to the United Kingdom in 1971. The average value of these lamina exports was \$1.27 per pound. Unstemmed leaf accounted for 4 percent of these exports with an average value of US\$1.11 per pound. The balance was made up of stems, trimmings, and scraps with an average value of 9 U.S. cents per pound.

Consumption

The United Kingdom is the second largest user of leaf tobacco in the EC-9. Utilization averaged 302.6 million pounds during the past 5 years, compared with 321.4 million pounds for West Germany (Table 3, Appendix C). On a per capita basis, for persons 15 years and over, utilization in 1970 was 8.1 pounds, below the 9.2 pounds for the United States, but well above the 6.6-pound average for the nine countries of the enlarged EC (Table 4, Appendix C).

Utilization in 1971 dropped 5 percent from the 1970 level. The decline was mostly the result of a

smoking and health campaign which brought about a 4.5 percent drop in the number of cigarettes smoked. But it was also partly the result of a continuation of the trend toward utilization of less leaf per 1,000 cigarettes. U.K. cigarettes are generally smaller than those of other countries and require only an average of 1.67 pounds of redried tobacco per 1,000 cigarettes, compared with 1.92 pounds per 1,000 in the United States, and over 2 pounds in many countries.

Partly as a result of this small size, average U.K. cigarette consumption for persons 15 years old and above is 3,400, the highest level in the enlarged EC. Cigar consumption, at 26 pieces per person 15 years and over, is only about half the average for the enlarged EC (Table 4, Appendix C).

Cigarettes account for about 90 percent of total U.K. tobacco utilization. Virtually all of this is flue-cured tobacco, traditionally the type used for British cigarettes. About 20 billion (16 percent) of the some 140 billion cigarettes produced in the United Kingdom are exported. About 1 billion are imported (Table 5, Appendix C).

No additives are now permitted in U.K. cigarettes except on an experimental basis. This means that all of the flavor must come from the tobacco itself. As a consequence, the U.K. industry buys primarily expensive, flavorful tobacco. The EC likely will insist that the no-additive rule, be defined as a nontariff barrier and be eliminated after the United Kingdom enters the EC.

Cigarette Retail Prices

The most popular brand of cigarette in the United Kingdom retails for the equivalent of 51 U.S. cents per pack of 20. This cigarette is 65 mm. long including the filter. An 83 mm. (including filter) cigarette retails for 78 U.S. cents per pack of 20.

The components of the retail price of a package of 20 cigarettes are: Fiscal charge 66 percent, trade margin 11 percent, and manufacturer's cost and profit 23 percent.

There are no retail price controls on cigarettes in the United Kingdom. Manufacturers suggest retail prices which are adopted by most retailers.

U.K. Tax Structure

The U.K. tax on leaf tobacco is largely a revenue duty or fiscal charge. It is £5.041 (US\$12.10)³ for stemmed or unstemmed leaf containing 10 percent or more moisture from MFN countries and £4.964 (US\$11.92) for the same categories of Commonwealth

³ At the mid-October 1972 rate of US \$2.40 per pound.

leaf.⁴ After April 1, 1973 the general rate of £5.041 will be separated into three components: 1) an excise tax of £4.220 (U.S. \$10.13), 2) a value added tax of £0.736 (U.S. \$1.77), and a duty of £0.085 (20 U.S. cents).

The Commonwealth rate of £4.964 also will be separated into the excise tax of £4.220 and value added tax of £0.736, leaving a margin of £0.008 (2 U.S. cents). This margin will be subject to alignment to the CXT and to the zero duty rate.

Tariff Harmonization

The U.K. duty of £0.085 on leaf tobacco from outside the Commonwealth must be reduced to zero for tobacco produced in the EC, Greece, and Turkey. The £0.008 margin for Commonwealth leaf will become zero for some Commonwealth countries specified in Annex VI of the Treaty (Appendix A.) It will be increased to the CXT for certain Commonwealth countries such as Canada, Australia, and probably India, and for some non-Commonwealth countries which now receive Commonwealth preferences, for example, South Africa. The major tobacco exporters included in Annex VI are Malawi, Zambia, and Tanzania.

The 18 Yaounde countries whose tobacco now enters the EC duty free (Appendix B) also may eventually receive preferential treatment by the United Kingdom, but this is a matter for future negotiation.

The United Kingdom, as a former member of EFTA, has no duty on tobacco product imports from other EFTA countries. There will continue to be no duty on tobacco products imported from Denmark, the other EFTA partner which is now an EC member.

The tariff on tobacco product imports will be reduced to zero for EC partners according to the schedule provided in the Treaty of Accession. It will be harmonized with the CXT for other countries including nonaccessing EFTA partners. The CXT for cigarettes is 90 percent ad valorem.

Excise Tax Harmonization

The EC Council Directive adopted December 18-19, 1972, provides that the excise tax portion of the fiscal charge, £4.964 or US \$11.92 per pound, may remain in effect until January 1, 1978. At that time it must be harmonized with whatever common level of excise tax has been decided upon by the EC members. This provision was made because of the technical difficulty, and the possible effect on British revenue, of shifting from the present tax based on the weight of tobacco leaf to a tax based on numbers of cigarettes.

The fiscal charge, prior to April 1, 1973, was wholly specific. That is, the tax was the same regardless of the value of the tobacco. A shift from this system to one based largely on the value of the manufactured product, an ad valorem tax, would be a drastic change and could have quite an adverse effect on high-quality tobacco such as that imported from the United States.

Value-Added Tax Harmonization

The level of the value-added tax initially may be different in each of the EC members but, eventually, this too must be harmonized so that the level will be the same in each EC country.

IRELAND

Ireland imported 11.7 million pounds of tobacco in 1971, of which 6.8 million pounds, or 58 percent came from the United States. Other important suppliers were the Republic of Korea, India, and South Africa. The average value of all imports was 97 U.S. cents per pound. The average value of imports from the United States was \$1.11 per pound. However U.S. exports of flue-cured strips, which accounted for 68 percent of total 1971 U.S. tobacco exports to Ireland, were valued at \$1.21 per pound.

⁴"Other" leaf, that containing less than 10 percent moisture, is taxed at £5.0910 (US\$12.22) for MFN leaf and £5.0060 (US\$12.01) for Commonwealth leaf. This is a margin of preference of £0.085 or 20 U.S. cents. This margin of preference also must be harmonized with the CXT.

Ireland, like the United Kingdom, produces cigarettes with no additives and uses all flue-cured, flavorful, high-cost leaf. The industry can experiment with additives but it cannot yet use them commercially. For Ireland, as for the United Kingdom, the EC likely will insist that the no-additive rule be eliminated.

Consumption

On a per capita basis, Ireland is the largest purchaser of U.S. tobacco among the nine countries of the enlarged EC. U.S. exports to Ireland during the 5-year period 1967-71 averaged 12 million pounds per year (Table 7, Appendix C). With a population of

3 million, this is 4.1 pounds per person a year. This compares with 2.2 pounds per person for the United Kingdom and 3.7 for Denmark.

Cigarette Retail Prices

Ireland's most popular cigarette brand sells for the equivalent of 57 U.S. cents per pack of 20. This cigarette is 70 mm. long. Eighty mm. cigarettes (including filter tip) sell for about 66 U.S. cents.

The components of the retail price of a package of 20 cigarettes are: Fiscal charge 70 percent, wholesale price and distribution cost 15 percent, retailer 10 percent, and value-added tax 5 percent.

Tariff Harmonization

Ireland's revenue duty or "customs duty" is £4.416 (US \$10.60)⁵ per pound for unstemmed leaf from any source; and £4.418 (US \$10.60) for stemmed leaf from MFN sources and £4.416 for stemmed leaf from the United Kingdom. The £4.416 will continue in effect as the equivalent of an excise tax after accession in January 1973. The "duty" for purposes of harmonization with the CXT will then be considered zero for unstemmed leaf and £0.002 per pound (the margin of preference or current difference between the MFN rate of £4.418 and U.K. rate of £4.416) for stemmed leaf. The margin of preference of £0.002 is equivalent to US \$0.0048 or nearly zero. For the purpose of this paper it will be called zero.

After accession, the duty on EC tobacco and tobacco from Greece, Turkey, and probably from

other countries with EC preferences will then be zero and will remain at zero. The duty on tobacco from third countries is expected to be zero from January 1, 1973, until January 1, 1974, at which time the duty will become 40 percent of the CXT as provided in the Treaty of Accession. The duty on tobacco from third countries will become 60 percent of the CXT on January 1, 1975, 80 percent on January 1, 1976, and 100 percent on July 1, 1977.

The duty for cigarettes probably will be considered the difference between the preaccession preferential rate of £4.470 (US \$10.73) and the full rate of £5.243 (US \$12.58) per pound. This difference probably will be considered as the "protective element" which must be harmonized with the EC's CXT of 90 percent ad valorem.

Excise Tax Harmonization

The excise tax of about US\$10.60 per pound of leaf tobacco is expected eventually to be harmonized to whatever common level of excise tax is decided upon by the EC.

Value-Added Tax Harmonization

Ireland adopted a value-added tax November 1, 1972. The level for cigarettes is 5.26 percent. This replaced the 5-percent sales or "turnover" tax which applied to tobacco products so that the retail price of cigarettes did not increase. The VAT is applied in addition to the excise of about US\$10.60 per pound.

DENMARK

Denmark imported 30 million pounds of leaf tobacco in 1971, of which the United States supplied 45 percent. Much of the balance was cigar tobacco primarily supplied by Brazil and Indonesia. Denmark is believed to have the world's highest per capita cigar consumption.

The average value of Denmark's 1971 tobacco imports was 88 U.S. cents per pound. U.S. tobacco exports to Denmark in 1971 average 96 U.S. cents per pound but stripped, flue-cured exports (lamina), which accounted for 44 percent of the total, averaged US\$1.21 per pound.

There is considerable trade in tobacco products primarily as a result of zero duty with other EFTA members. For example, 1971 cigarette consumption was 6.5 billion pieces. One billion were imported and 2 billion were exported (Table 5, Appendix C).

⁵ At the mid-October 1972 market rate of \$2.40 per Irish £.

Consumption

Tobacco utilization by the Danish industry in 1971 was about 36 million pounds, of which about 18 million was for cigarettes, 11 million for cigars, and 7 million for smoking tobacco and other products (Table 3, Appendix C).

Denmark is a net exporter of cigarettes and smoking tobacco. Trade in cigars and cigarillos is quite small with imports slightly exceeding exports.

Average cigarette consumption in 1970 for persons 15 years and over was 1,700 pieces, compared with an average of 2,380 for all nine EC countries and 3,880 for the United States. Cigar consumption, on the other hand, averaged 277, highest for the EC-9 and far above the EC average of 50 and the U.S. average of 59 (Table 4, Appendix C).

Smoking tobacco is both exported and imported. Production of other products (mostly smoking tobacco) in 1971 was estimated at 7 million pounds.

About 2 million were exported and 1 million was imported, leaving about 5 million for domestic consumption (Table 5, Appendix C).

Cigarette Retail Prices

Denmark's retail price for cigarettes at US\$1.10 to US\$1.13 per pack of 20 is the highest among the nine countries of the expanded EC. An excise tax and a value-added tax account for 83 percent of the retail price, leaving 6 percent for the retailer and 11 percent for the manufacturer/distributor. The excise tax is 70 percent of the retail price. The VAT is 15 percent of all costs and margins including the excise tax. This amounts to 13 percent of the retail price.

A breakdown of the components of the retail price for Denmark's most popular brand is as follows:

	Ore per cigarette	Kroner per pack of 20	U.S. dollar equivalent	Percent
Excise tax	27.69	5.538	.791	70
Value-added tax	5.15	1.030	.147	13
Retailer	2.42	.484	.069	6
Manufacturer/ distributor . . .	4.24	.848	.121	11
	39.50	7.900	1.128	100

7 Dkr = US\$1.00; 100 ore = 1 Kroner.

Retail Price Controls

The Danish Government has a "Monopoly Board" which must approve price increases for tobacco products. The industry must justify price increases by proving increased costs.

Tariff Harmonization

As an EC member, Denmark's preaccession, zero duty on tobacco leaf from all sources will continue to be zero from the other EC partners, associate EC members, and those countries receiving preferences in the EC. The common external tariff will be phased in for third countries according to the schedule provided in the Treaty of Accession, that is, 40 percent of the

CXT January 1, 1974; another 20 percent January 1, 1975; 20 percent more January 1, 1976; and the final 20 percent July 1, 1977.

The zero duty on tobacco products from other EFTA members will continue to be zero from the United Kingdom and will be phased to the CXT for other EFTA partners which will become third countries. The duties on tobacco products from all other countries will be phased to zero for other EC partners and will be phased to the CXT for third countries.

For example, the preaccession duty for cigarettes of 17 Kroner per kilogram (about \$2.43 per 1,000 cigarettes, or about 5 U.S. cents per pack which would be a little over 40 percent of the wholesale price) will be phased to zero for cigarettes from EC members beginning with a 20-percent reduction April 1, 1973; another 20 percent January 1, 1974; 20 percent January 1, 1975; 20 percent January 1, 1976; and the final 20 percent July 1, 1977. It will be phased from 17 Kroner per kilo to the EC's common external tariff of 90 percent ad valorem on cigarettes from outside the EC, beginning with a 40-percent reduction of the difference on January 1, 1974; another 20 percent January 1, 1975; 20 percent January 1, 1976; and the final 20 percent July 1, 1977.

Thus, the tariff structure for both leaf and tobacco products will be completely harmonized with that of the EC by July 1, 1977.

Excise Tax Harmonization

Denmark's excise tax which amounts to 70 percent of the retail price for popular brands has a specific and an ad valorem component. The Government calculates that the specific component is 9 ore per cigarette or about one-third of the total excise, which is within the 5 to 75 percent specific range required for the first stage of EC excise tax harmonization.

Value-Added Tax Harmonization

The 15-percent VAT probably will stay in effect at the present level until all nine EC countries harmonize their VAT's to a common level.

EFFECT ON U.S. TOBACCO EXPORTS

While it is still early to estimate the effect of EC enlargement on U.S. tobacco exports to the three new members, some general observations can be made.

The big changes could come about through (1) elimination of internal duties among the nine countries, adoption of zero duty on imports from certain associated countries, and adoption of the

common external tariff (CXT) on imports from all other countries; (2) harmonization of excise taxes; and (3) contribution of monopoly control over tobacco products retailing in Italy and France.

The greatest quantitative effect brought about by changes in duties most probably will come in the U.K. market, traditionally the largest market for U.S. leaf tobacco exports (Table 8, Appendix C).

U.S. tobacco, prior to January 1, 1973, entered the United Kingdom with a fiscal charge of US \$12.10 per pound while tobacco from countries receiving the Commonwealth preference entered at US \$11.92 per pound or 18 U.S. cents less. After April 1, 1973, the \$12.10 will become 1) an excise tax of \$10.13 per pound plus, 2) a value added tax of \$1.77 per pound, and 3) a duty of 20 U.S. cents per pound.

The duty for those countries that do receive the Commonwealth preference became 2 U.S. cents per pound or nearly zero. Both the 20 cents duty and the near zero duty will be phased to the CXT for countries outside the EC and the EC preference area. The duty for EC and some EC preference countries will be phased from 20 cents to zero. These changes will have been completed by July 1, 1977. At that time U.S. tobacco and other tobacco from outside the EC and EC preference area will pay the full CXT. Tobacco from the EC and EC preference countries will enter duty free.

Some former Commonwealth preference countries such as Canada, South Africa, and probably India, will have lost their 18 U.S. cents per pound preference and will be on a more competitive basis with the United States, that is, paying the full CXT. Other EC members, Greece, Turkey, and perhaps some of the Yaounde countries will have gained duty-free access to the U.K. market. The Annex VI countries (Appendix B), prior to accession, received the Commonwealth preference in the U.K. market. After accession their tobacco will enter duty free. They will have changed a 18 cents per pound preference for an exemption from the CXT. The CXT for most of their tobacco will fall within the 14 to 17 U.S. cents per pound range (Table 2, Appendix C), while a large proportion of leaf imports from the United States will fall in the 21 to 35 U.S. cents per pound range. Thus, unless this discriminatory feature of the CXT is modified, tobacco from these Annex VI countries will have a distinct duty advantage over U.S. leaf in the U.K. market.

Duty-free treatment for EC and EC preference tobacco gives the U.K. industry a large incentive to switch from its present 100-percent flue-cured cigarette to a blended cigarette using burley and aromatic tobaccos or to use a larger proportion of lower quality, duty-free, flue-cured tobacco in its 100-percent flue-cured cigarettes. Italian burley will have the advantage of the buyer's premium plus zero duty (Tables 9, 10, and 11, Appendix C). Greek and Turkish aromatic tobaccos and Greek burley will have the advantage of zero duty. This shift could have a very serious adverse effect on U.K. imports of U.S. tobacco.

Although all tobacco from outside the EC and EC preference area will be accessed the CXT by July 1,

1977, the higher tariff level provided by the CXT for more expensive, high-quality tobacco will provide an incentive for importing outside tobacco from the cheapest source possible. This also may have a very serious adverse effect on U.K. imports of U.S. leaf and on the quality of cigarettes smoked by the U.K. consumer.

Roughly, the same situation exists for Ireland except that Ireland has had zero duty on imports from the EC and some EC preference areas since January 1, 1973, while the United Kingdom is phasing in the zero duty from these countries at the same time that it is phasing in the CXT on imports from outside the EC and EC preference area. As a consequence, Ireland has had an earlier incentive to switch to tobaccos from the EC and countries receiving preferential treatment in the EC. The schedule for phasing in the CXT for outside countries is, of course, the same for both the United Kingdom and Ireland.

An even sharper impact on U.S. tobacco will be felt in Denmark though it is a much smaller market than the United Kingdom. All unmanufactured tobacco imports has entered Denmark duty free giving U.S. tobacco an equal chance to compete. Since January 1, 1973, EC and EC preference area tobacco continues to come in duty free while the CXT is being phased in for imports of U.S. and other outside tobacco. The CXT will be completely phased in by July 1, 1977.

Adoption by these three countries of the CXT, as presently constituted, would be exceedingly damaging to U.S. tobacco exports in two ways. First, Greece, Turkey, and a number of other countries whose tobacco had competed on equal terms with U.S. tobacco in these three markets, would have duty-free entry for tobacco while U.S. tobacco would pay the CXT. Second, the higher tariff levels provided by the CXT for more expensive tobaccos is highly discriminatory to high-quality U.S. leaf, much of which is stemmed prior to export. The stemming process elevates the price even further.

The higher tariff classification was originally intended to protect Italian tobacco wrapper, but as U.S. prices have risen, and as an increasingly high proportion of U.S. leaf exports has come to be stemmed, U.S. prices have begun to approach the upper range of tariff classification.

Flue-cured strips accounted for 35 percent of total U.S. unmanufactured tobacco exports to the nine countries of the enlarged EC in 1971. The average export price of these strips or "lamina" was US\$1.22 per pound. Adding transportation and storage costs would bring the EC import price to about US\$1.28. At a 5-percent annual rate of price increase (which is actually below the rate of the past

2 years) the average value of EC imports of U.S. flue-cured strips, which accounted for 35 percent of total U.S. exports to the enlarged EC in 1971, will move from the 14 to 17 cent per pound tariff category to the 21 to 35 U.S. cents classification by 1974. By 1983 the average value of U.S. flue-cured strips could be at the maximum rate of 35 U.S. cents per pound. This would have a severely damaging effect on U.S. tobacco exports unless this discriminatory feature of the CXT is abolished.

A significant impact on U.S. tobacco exports resulting from EC accession by these three countries could be caused by harmonization of the excise tax system. The United Kingdom and Ireland both have a 100-percent specific tax based on a specified sum of money per pound of tobacco regardless of the value of the tobacco. Denmark has an excise tax which accounts for about 70 percent of the retail price of a pack of cigarettes. It has a specific component, based on numbers of cigarettes, which accounts for about one-third of the total excise and an ad valorem component, based on value, which accounts for the remainder. Harmonization of these tax systems, especially the two which are 100 percent specific, to a system which has a high ad valorem component would make cigarettes containing high quality, more costly U.S. tobacco substantially more expensive than those containing lower priced leaf

(Senate Hearing⁶ and Table 3, Appendix C). This would have a very definite adverse effect on U.S. tobacco sales in these countries.

The third factor which may severely restrict sales of U.S. tobacco in these three markets results from continuation of monopoly control over tobacco retailing in Italy and France. Unless current regulations are changed, tobacco industries in these three countries will be restricted in their ability to market their cigarettes in Italy and France, while the monopolies in those countries will have complete freedom to market their cheaper cigarettes containing mostly dark tobaccos in the three new EC members.

The monopolies in these two countries must give up their exclusive rights to import and wholesale tobacco products in their respective countries by January 1, 1976. However, unless existing regulations are changed, they will continue to license retailers after that date. This will give them effective control over what types of cigarettes are sold in their markets. Thus, they will be able to effectively control sales of imported cigarettes.

⁶Hearings before the Subcommittee on Agricultural Exports of the Committee on Agriculture and Forestry, U.S. Senate, Ninety-Second Congress, Second Session, on The Implications of the Common Agricultural Policy of the European Community on U.S. Tobacco Exports, February 22 and 23, 1972.

APPENDIX A

Countries Specified in Annex VI of the Treaty of Accession

All countries listed below are members of the Commonwealth and have had Commonwealth preference from the United Kingdom. Tanzania, Kenya, and Uganda are also partners to the Arusha Agreement.

Barbados	Kenya
Botswana	Lesotho
Fiji	Malawi
The Gambia	Mauritius
Ghana	Nigeria
Guyana	Sierra Leone
Jamaica	Swaziland

Tanzania	Uganda
Tonga	Western Samoa
Trinidad and Tobago	Zambia

The European Community (EC) has offered to these "independent Commonwealth countries" associate status similar to that now held by the Yaounde and Arusha countries, Greece, and Turkey. This means that these countries also could have duty-free access for their tobacco exports to the enlarged EC.

The EC has requested that these countries take a position with regard to its offer by August 1, 1973. In the meantime, these countries will continue to get preferential treatment for tobacco exports to the United Kingdom.

APPENDIX B

Countries Specified in the Yaounde Agreement of 1963 and Arusha Agreement of 1969

Countries for which leaf tobacco was granted duty-free entry by the European Community (EC) under the Yaounde Agreement of 1963 are as follows:

Burundi
Cameroon
Central African Republic
Chad
Zaire (formerly Democratic Republic of Congo)
Republic of Congo-Brazzaville
Dahomey
Gabon

Ivory Coast
Malagasy Republic
Mali
Mauritania
Niger
Rwanda
Senegal
Somalia
Togo
Upper Volta

Countries for which leaf tobacco was granted duty-free entry by the EC under the Arusha Agreement of 1969 are Tanzania, Uganda, and Kenya.

Tanzania, Kenya, and Uganda also will continue to receive preferential treatment in the United Kingdom as Commonwealth members.

APPENDIX C

TABLE 1.—TOBACCO PRODUCTION IN THE SIX ORIGINAL MEMBERS OF THE EUROPEAN COMMUNITY (EC),
1960-64 AVERAGE AND 1968-71

[In millions of pounds]

Country	Flue-cured	Burley	Other	Total
Italy				
1960-64	20.3	25.1	80.2	125.6
1968	20.7	51.8	86.6	159.1
1969	21.5	61.6	90.4	173.5
1970	22.0	68.8	82.3	173.1
1971	15.9	77.1	73.5	166.5
1972	15.4	75.0	77.1	167.5
West Germany				
1960-64	2.3	7.8	12.1	22.2
1968	1.5	6.2	8.3	16.0
1969	1.6	6.9	8.2	16.7
1970	1.6	7.8	9.3	18.7
1971	1.3	8.3	11.0	20.6
1972	1.2	8.6	11.2	21.0
France				
1960-64	0	0.8	91.3	92.1
1968	0	1.0	116.0	117.0
1969	0	1.2	98.4	99.6
1970	0	1.7	104.1	105.8
1971	0	2.0	94.3	96.3
1972	0	2.2	110.7	112.9
Belgium-Luxembourg				
1960-64	0	0	6.0	6.0
1968	0	0	4.1	4.1
1969	0	0	4.1	4.1
1970	0	0	4.2	4.2
1971	0	0	5.1	5.1
1972	0	0	5.5	5.5
Netherlands				
1960-64	0	0	0	0
1968	0	0	0	0
1969	0	0	0	0
1970	0	0	0	0
1971	0	0	0	0
1972	0	0	0	0
Total EC-6				
1960-64	22.6	33.7	189.6	245.9
1968	22.2	59.0	215.0	296.2
1969	23.1	69.7	201.1	293.9
1970	23.6	78.3	199.9	301.8
1971	17.2	87.4	183.9	288.5
1972	16.6	85.8	204.5	306.9

TABLE 2.-EUROPEAN COMMUNITY TOBACCO: COMMON EXTERNAL TARIFF BREAKING POINTS CONVERTED TO U.S. DOLLARS FOR EACH OF THE ORIGINAL SIX EC COUNTRIES¹

Country	Currency	Units of currency per unit of account ²	Units of currency per U.S. dollar ²	Conversion of units of account to U.S. dollars for ²			
				280 U.A.	28 U.A.	33 U.A.	70 U.A.
-- dollars per 100 kilograms -- (dollars per pound)							
Belgium-Luxembourg	Franc	50.00	44.80	312.51 (1.42)	31.25 (0.14)	36.83 (0.17)	78.13 (0.35)
France	Franc	5.55	5.00	311.03 (1.41)	31.10 (0.14)	36.66 (0.17)	77.75 (0.35)
Italy	Lira	625.00	581.00	301.20 (1.37)	30.12 (0.14)	35.50 (0.16)	75.30 (0.34)
Netherlands	Guilder	3.62	3.24	312.84 (1.42)	31.28 (0.14)	36.87 (0.17)	78.21 (0.35)
West Germany	Deutschmark	3.66	3.22	318.26 (1.44)	31.83 (0.14)	37.51 (0.17)	79.57 (0.36)

¹ The EC's CXT for leaf tobacco is: (1) for leaf valued at less than 280 U.A. per 100 kilograms, 23 percent but not less than 28 U.A. and not more than 33 U.A. per 100 kilograms. (2) for leaf valued at 280 U.A. per 100 kilograms or more, 15 percent but not more than 70 U.A. per 100 kilograms.

² The relationship of these currencies to the unit of account (U.A.) was unchanged by the Monetary Accord or "Smithsonian Agreement" of Dec. 18, 1971. Their relationship to the U.S. dollar was changed, however. Therefore, units of account are first converted to the currency of the country in which the tariff is paid and those currencies are then converted to U.S. dollars at the new exchange rates. For example, 280 U.A. x BF 50.00 ÷ BF 44.80 = \$312.51 per 100 kg. or \$1.42/pound.

TABLE 3.—ENLARGED EUROPEAN COMMUNITY, ESTIMATED MANUFACTURERS' TOBACCO UTILIZATION, BY TYPE OF PRODUCT

[In thousands of pounds]

Year	Cigarettes	Cigars & cigarillos	Other	Total	Cigarettes	Cigars & cigarillos	Other	Total
West Germany					France			
1966	236,584	55,790	16,270	308,644	143,571	7,210	34,932	185,713
1967	232,698	51,453	16,592	300,743	154,723	7,950	34,032	196,705
1968	251,975	49,396	15,961	317,332	153,321	8,010	33,351	194,682
1969	266,441	48,463	15,021	329,925	173,089	7,880	33,243	214,212
1970	264,732	44,204	14,415	323,351	165,447	8,040	30,256	203,743
1971	280,763	41,715	13,139	335,617	178,178	9,010	25,730	212,918
Netherlands					Belgium-Luxembourg			
1966	36,310	22,357	30,227	88,894	41,219	15,572	15,035	71,826
1967	37,919	21,605	36,376	95,900	41,224	17,513	15,331	74,068
1968	39,021	20,503	38,801	98,325	41,903	19,773	14,656	76,332
1969	(¹)	(¹)	(¹)	97,311	42,749	17,737	13,373	73,859
1970	(¹)	(¹)	(¹)	110,230	46,550	16,365	12,103	75,018
1971	(¹)	(¹)	(¹)	113,537	45,860	17,573	11,023	74,456
Denmark					Ireland			
1966	14,058	11,900	7,110	33,069	8,714	(¹)	1,455	12,405
1967	14,097	11,490	7,482	33,069	8,493	(¹)	3,199	14,114
1968	18,639	11,050	7,617	37,306	8,983	(¹)	5,029	17,135
1969	17,815	11,140	7,405	36,360	9,192	(¹)	5,386	16,944
1970	18,685	11,130	7,368	37,183	9,957	(¹)	6,370	20,000
1971	18,109	10,840	7,330	36,279	9,049	(¹)	6,300	(¹)
Italy					United Kingdom			
1966	139,488	3,102	8,324	150,914	262,728	8,372	(¹)	300,800
1967	136,573	2,824	8,452	147,849	264,925	10,675	(¹)	305,200
1968	137,500	2,843	7,508	147,851	268,932	10,968	(¹)	308,500
1969	131,895	2,565	6,939	141,399	267,408	10,492	(¹)	306,100
1970	129,364	2,355	7,171	138,890	274,600	8,614	(¹)	304,700
1971	(¹)	(¹)	(¹)	(¹)	(¹)	11,736	(¹)	288,500

¹ - Not Available

TABLE 4.-ENLARGED EUROPEAN COMMUNITY AND U.S. TOBACCO UTILIZATION, CIGARETTE AND CIGAR CONSUMPTION, AND POPULATION, 1970

Country	Manufacturer's use ¹			Cigarette consumption			Cigar consumption			Population ²		
	Total	Per person 15 and over	Total	Per person 15 and over	Total	Per person 15 and over	Total	Per person 15 and over	Total	Annual growth rate	15 years and over	
	<i>Million pounds</i>	<i>Pounds</i>	<i>Billion pieces</i>	<i>Number</i>	<i>Million pieces</i>	<i>Pieces</i>	<i>Million</i>	<i>Pieces</i>	<i>Million</i>	<i>Percent</i>	<i>Million</i>	
Belgium-Luxembourg	75.0	10.1	17.6	2,315	1,013	133.3	10.0	133.3	10.0	0.6	7.6	
France	203.7	5.4	69.9	1,846	806	21.3	50.8	21.3	50.8	1.1	37.9	
West Germany	232.4	7.3	118.1	2,650	3,213	72.0	61.5	72.0	61.5	1.0	44.6	
Italy	138.9	3.4	69.0	3 1,700	182	4.5	53.6	4.5	53.6	.8	40.6	
Netherlands	110.2	11.7	22.8	2,423	2,074	220.6	13.0	220.6	13.0	1.3	9.4	
United Kingdom	304.7	8.1	127.9	3,419	975	26.1	55.9	26.1	55.9	.7	37.4	
Ireland	20.0	10.0	5.1	2,571	(*)	(*)	2.9	(*)	2.9	.3	2.0	
Denmark	37.2	10.1	6.3	1,692	1,024	276.7	4.9	276.7	4.9	.7	3.7	
Total	1,213.1	6.6	436.7	2,384	9,287	50.7	252.6	50.7	252.6	(3)	183.2	
United States	1,270.0	9.2	536.4	3,879	8,118	58.7	200.0	58.7	200.0	1.4	138.3	

¹ Manufacturer's use is only an estimate of consumption because some countries are net exporters while others are net importers.

² Population data for 1966-70.

³ Consumption in Italy appears quite low because estimates include only official utilization. Some estimates indicate that as much as half the cigarettes consumed in Italy are smuggled and would not be included in the official consumption data.

⁴ Not available.

TABLE 5.—ENLARGED EUROPEAN COMMUNITY: PRODUCTION, TRADE, AND CONSUMPTION OF TOBACCO PRODUCTS, 1966-71

Country and year	Cigarettes				Cigars & cigarillos				Other products			
	Production	Imports	Exports	Consumption	Production	Imports	Exports	Consumption	Production	Imports	Exports	Consumption
	Million pieces	Million pieces	Million pieces	Million pieces	Million pieces	Million pieces	Million pieces	Million pieces	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Belgium-Luxembourg												
1966	15,540	1,650	2,954	15,147	1,541	194,702	661,556	1,047	15,035	2,318	1,173	14,548
1967	16,291	1,512	3,728	15,448	1,515	207,668	656,521	1,045	15,331	2,670	1,139	14,813
1968	16,903	1,253	4,031	15,814	1,621	286,431	774,971	1,186	14,656	2,744	1,467	14,475
1969	17,595	1,716	3,170	16,633	1,610	234,147	768,802	1,075	13,373	3,062	1,266	13,228
1970	18,803	1,986	3,171	17,632	1,556	296,881	797,965	1,013	12,103	4,166	1,486	11,856
1971	19,300	2,834	4,366	18,400	1,520	767,364	958,857	990	11,023	5,096	1,096	10,582
France												
1966	57,225	5,650	5,586	54,230	721	710	85	732	34,932	1,701	300	35,498
1967	61,517	6,316	5,721	57,776	795	688	55	754	34,032	1,989	2,498	34,553
1968	62,383	7,149	6,484	60,405	801	795	39	784	33,351	2,325	278	34,169
1969	70,554	7,851	7,304	62,600	788	973	42	784	33,243	2,021	225	31,537
1970	69,903	9,944	8,378	69,868	804	1,031	39	806	30,256	2,110	245	28,783
1971	69,660	12,334	9,241	72,143	901	1,286	138	(1)	25,730	2,372	181	(1)
West Germany												
1966	106,640	70	5,151	101,488	3,793	91	14	3,778	19,284	842	1,052	19,272
1967	104,574	121	5,436	99,139	3,622	90	25	3,597	20,635	2,055	1,080	20,615
1968	113,691	203	8,246	105,444	3,623	109	28	3,595	19,392	3,681	1,265	19,365
1969	119,082	507	7,158	112,431	3,327	135	42	3,420	17,804	6,217	1,518	18,155
1970	122,311	600	4,860	118,051	3,119	135	41	3,213	17,361	9,499	1,658	17,725
1971	130,388	732	5,627	125,500	2,980	164	46	3,099	14,927	12,001	1,552	15,443
Italy												
1966	63,132	7,161	340	64,645	141	87	23	134	8,322	396	201	8,397
1967	65,197	8,531	439	66,657	267	249	34	270	8,232	583	76	8,510
1968	63,634	12,440	366	68,454	279	140	29	276	7,582	447	56	8,016
1969	60,357	12,131	244	69,196	208	132	30	197	6,938	433	80	7,628
1970	66,900	7,899	251	69,000	200	192	30	182	7,022	541	45	6,922
1971	67,500	11,959	250	70,400	220	222	31	186	7,220	522	62	7,011

Continued—

TABLE 5.-ENLARGED EUROPEAN COMMUNITY: PRODUCTION, TRADE, AND CONSUMPTION OF TOBACCO PRODUCTS, 1966-71-Continued

Country and year	Cigarettes				Cigars & cigarillos				Other products			
	Production	Imports	Exports	Consumption	Production	Imports	Exports	Consumption	Production	Imports	Exports	Consumption
Netherlands												
1966	15,805	2,029	2,602	15,782	1,881	589	641	1,908	30,049	1,116	10,498	29,513
1967	17,658	2,099	2,798	17,839	1,909	633	707	1,589	32,209	1,424	12,432	33,759
1968	19,274	2,079	2,667	19,110	2,025	1,162	874	2,002	33,371	1,158	13,766	37,588
1969	18,641	1,850	3,550	18,312	1,992	770	951	1,974	36,817	1,151	13,904	36,596
1970	22,930	1,765	4,973	22,846	2,066	811	1,223	2,074	40,124	1,360	16,667	40,124
1971	25,665	316	5,641	25,500	2,410	30	1,030	2,350	37,258	626	16,541	37,258
United Kingdom												
1966	134,200	594	14,260	117,600	837	66	3	900	(1)	836	2,466	30,400
1967	136,130	694	15,086	119,100	1,068	71	4	1,135	(1)	1,053	3,056	30,100
1968	140,960	700	16,457	121,800	1,097	89	6	1,180	(1)	2,980	4,293	29,100
1969	144,000	840	18,622	124,900	1,049	92	6	1,135	(1)	3,489	6,160	28,700
1970	147,500	941	20,611	127,900	862	121	8	975	(1)	5,969	6,389	27,500
1971	141,300	1,008	19,939	122,400	1,174	195	9	1,360	(1)	(1)	(1)	26,700
Ireland												
1966	5,126	330	191	5,265	(1)	5	(1)	(1)	1,000	1,000	1,000	1,000
1967	4,996	356	186	5,166	(1)	7	(1)	(1)	1,455	10	11	1,454
1968	5,284	177	362	5,099	(1)	8	(1)	(1)	3,199	2,109	1,589	3,719
1969	5,407	224	318	5,313	(1)	10	(1)	(1)	5,029	4,398	4,099	5,328
1970	5,857	113	831	5,139	(1)	12	(1)	(1)	5,386	3,923	4,604	4,705
1971	5,323	138	330	5,131	(1)	17	(1)	(1)	6,371	5,612	5,298	6,685
Denmark												
1966	6,989	731	1,008	5,560	1,190	28	14	1,204	7,110	679	766	6,210
1967	7,059	808	1,556	5,600	1,149	31	17	1,093	7,482	1,301	1,366	6,175
1968	7,850	724	1,623	5,800	1,105	29	15	1,050	7,617	899	1,419	6,118
1969	8,300	744	1,627	6,200	1,114	28	18	1,050	7,405	994	1,558	5,811
1970	8,500	794	1,770	6,300	1,113	27	20	1,024	7,368	1,010	1,846	5,324
1971	8,650	846	1,791	6,500	1,084	52	44	968	7,330	955	2,123	5,498

Not available.

TABLE 6. -HYPOTHETICAL SHIFT IN SOURCES OF U.K. TOBACCO TAX REVENUE 1972-1978

[In dollars per pound]

Transitional step/year	Tobacco from EC including Greece & Turkey			Tobacco from 3rd countries ¹			Developed countries ²			Tobacco from Commonwealth Annex VI countries ³		
	Customs	Excise +VAT	Total revenue	Customs	Excise +VAT	Total revenue	Customs	Excise +VAT	Total revenue	Customs	Excise +VAT	Total revenue
Jan. 1, 1972	12.10	0	12.10	12.10	.00	12.10	11.92	0	11.92	11.92	0	11.92
Apr. 1, 1973	.20	11.90	12.10	.20	11.90	12.10	.02	11.90	11.92	.02	11.90	11.92
July 1, 1973	4.16	11.90	12.06	.20	11.90	12.10	.02	11.90	11.92	0	11.90	11.90
Jan. 1, 1974	5.12	11.90	12.02	(6)	11.90	(12)	(6)	11.90	(12)	0	11.90	11.90
Jan. 1, 1975	7.08	11.90	11.98	(8)	11.90	(12)	(8)	11.90	(12)	0	11.90	11.90
Jan. 1, 1976	9.04	11.90	11.90	(10)	11.90	(12)	(10)	11.90	(12)	0	11.90	11.90
Jan. 1, 1977	0	11.90	11.90	(10)	11.90	(12)	(10)	11.90	(12)	0	11.90	11.90
July 1, 1977	0	11.90	11.90	CXT	11.90	(12)	CXT	11.90	(12)	0	11.90	11.90
Jan. 1, 1978	0	(11)	(12)	CXT	(11)	(12)	CXT	(11)	(12)	0	(11)	(12)

¹ The Yaounde countries (Appendix List A) will initially be treated as third countries but may later receive duty-free treatment for leaf tobacco imports.² Includes Canada and probably India.³ Includes Malawi, Zambia, the Arusha countries: Tanzania, Kenya, Uganda, and 15 others. See Appendix B.⁴ 80 percent of basic duty.⁵ 60 percent of basic duty.⁶ On Jan. 1, 1974, the United Kingdom will make the first step toward phasing in the CXT for third countries and for developed Commonwealth countries. This step will be made by reducing the difference between the basic duty (20 cents per pound for third countries and 2 cents for developed Commonwealth countries) and the CXT, by 40 percent.⁷ 40 percent of basic duty.⁸ On Jan. 1, 1975, the United Kingdom will further reduce the difference between the basic duty and the CXT by 20 percent.⁹ 20 percent of basic duty.¹⁰ On Jan. 1, 1976, the United Kingdom will further reduce by 20 percent the difference between the basic duty and the CXT for third countries and for developed Commonwealth countries. It will then remain at this level from Jan. 1, 1976, until July 1, 1977, when the final 20 percent difference will be eliminated and the duty will become the full CXT for both third countries and for developed Commonwealth countries.¹¹ The excise tax of £4.220 (\$10.13) plus the VAT of £0.736 (\$1.77) may be maintained until January 1, 1978. After that time they are expected to be harmonized with the EC VAT and excise.¹² Customs + excise + value-added tax.

Note: Calculations are based on the preferential rate of £4.965 (\$11.92) and the general rate of £5.042 (\$12.10) per pound converted at the mid-October 1972 market rate of exchange of \$2.40 per £. These are the rates for tobacco containing 10 percent or more moisture.

TABLE 7.-U.S. EXPORTS OF TOBACCO AND TOBACCO PRODUCTS TO THE EUROPEAN COMMUNITY 1965-71

Country or region	Quantity				Value			
	Leaf tobacco	Cigarettes	Smoking in bulk	Leaf tobacco	Cigarettes	Smoking in bulk	Total ¹ products	Leaf plus ¹ products
	1,000 pounds	Million pieces	1,000 pounds	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
EC MEMBERS								
Belgium-Luxembourg								
1965	18,843	511.2	191	11,220	2,391	147	2,594	13,814
1966	17,461	398.9	220	11,561	1,911	170	2,143	13,704
1967	17,483	593.9	226	12,037	3,069	184	3,325	15,362
1968	20,130	993.4	233	14,561	5,199	192	5,472	20,033
1969	17,442	959.5	265	13,529	5,111	252	5,419	18,948
1970	12,442	1,160.9	6	10,542	6,675	6	6,759	17,301
1971	15,598	2,728.7	0	14,914	16,575	0	16,553	31,567
1972	12,865	2,984.4	0	12,603	18,231	0	18,344	30,947
France								
1965	5,782	1,034.6	636	3,804	4,910	708	5,884	9,688
1966	8,631	968.7	257	5,254	4,679	296	5,585	10,839
1967	6,282	719.7	345	4,328	3,604	401	4,370	8,698
1968	6,876	479.5	1	5,372	2,475	1	2,848	8,220
1969	8,628	324.6	377	5,958	1,680	389	2,245	8,203
1970	8,982	294.8	572	6,449	1,566	572	2,276	8,725
1971	10,107	233.8	9	5,938	1,400	9	1,573	7,510
1972	7,703	209.0	48	4,888	1,247	65	1,688	6,576
West Germany								
1965	80,873	522.8	151	63,605	2,472	121	2,684	66,289
1966	98,730	653.4	224	83,636	3,164	183	3,481	87,117
1967	114,274	720.5	377	99,656	3,612	347	4,076	103,732
1968	88,635	724.2	254	74,062	3,761	211	4,143	78,205
1969	102,154	453.0	99	89,776	2,382	93	2,384	92,360
1970	92,645	749.6	49	84,712	4,113	38	4,308	89,020
1971	99,962	668.1	292	93,096	3,898	297	4,349	97,445
1972	99,242	624.2	38	97,392	3,629	47	4,264	101,656
Italy								
1965	8,414	643.9	881	5,157	3,052	1,011	4,124	9,281
1966	3,682	622.4	1,038	2,118	3,028	1,230	4,313	6,431
1967	7,063	714.7	1,550	5,566	3,597	1,868	5,539	11,105
1968	5,016	693.9	4,086	4,209	3,586	5,054	8,706	12,915
1969	19,546	639.3	4,426	17,257	3,371	5,411	8,840	26,097
1970	3,099	803.8	4,532	2,482	4,512	5,952	10,511	12,993
1971	16,387	614.8	2,134	15,105	3,655	2,790	6,508	21,613
1972	22,525	697.5	798	22,553	4,175	1,008	5,253	27,806

¹ See footnote at end of table.

Continued—

TABLE 7 - U.S. EXPORTS OF TOBACCO AND TOBACCO PRODUCTS TO THE EUROPEAN COMMUNITY, 1965-71 - CONTINUED

[illegible]

¹ Includes products other than those shown. The products included but not shown are cigars and cheroots, smoking in packages, chewing, and snuff.

TABLE 8.-UNMANUFACTURED TOBACCO-IMPORTS BY EC AND ENLARGED EC, 1971

[In thousands of pounds, in thousands of dollars]

COUNTRY OF ORIGIN	BELGIUM-LUXEMBOURG		NETHERLANDS		FRANCE		WEST GERMANY		ITALY		TOTAL EC		DENMARK		IRELAND		UNITED KINGDOM		TOTAL EC + ENLARGED EC	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
NORTH AMERICA																				
United States	14,505	12,424	32,890	27,057	8,343	4,259	102,777	100,336	19,533	19,559	178,045	163,655	15,979	14,692	6,979	7,554	97,673	103,597	244,441	243,844
Canada			853	479	464	75	1,265	738			2,582	1,292	1,100	607	446	438	51,179	47,942	55,739	49,311
TOTAL	14,505	12,424	33,743	27,536	8,807	4,334	104,042	101,074	19,533	19,558	180,630	164,957	17,079	15,299	7,425	7,992	148,852	151,539	300,180	293,155
LATIN AMERICA																				
Mexico			417	227	100	3	6,681	3,847			7,198	4,077	210	114					7,408	4,191
El Salvador							755	509			841	562							841	562
Guatemala			1,850	767	2,179	541	1,072	353			5,101	1,691	282	139					5,383	1,830
Costa Rica			55	19			1,605	622			4,975	2,316	62	26					5,037	2,342
Dominican Republic	3,315	1,675									401	331							401	331
Jamaica			401	331							143	14							143	14
West Indies			141	33	24,480	5,509	6,150	2,165			30,771	8,157	155	104					30,926	8,261
Argentina					19,359	5,131	18,841	7,659			52,810	16,764	6,671	3,495	335	232	5,340	2,726	63,246	23,214
Brazil	3,340	1,242	11,270	4,732	5,361	1,444	4,321	2,326			9,786	3,826	1	1					9,787	3,827
Colombia			84	56	10,618	2,301	1,912	362			13,898	2,932	5	1					13,903	2,933
Paraguay			1,038	269	31	8	41	10			72	18							72	18
Peru											95	33							95	33
Venezuela			95	23																
TOTAL	6,655	2,917	15,437	6,510	62,321	14,951	41,378	18,333			125,791	42,711	7,424	3,536	335	232	5,340	2,726	151,139	46,945
EUROPE WEST																				
EC																				
Belgium-Luxembourg					625	24	275	90			960	114					620	334	1,580	444
France	968	680	1,146	1,219			74	45			2,188	1,944							2,188	1,944
West Germany			15,767	12,827	10,677	396					26,444	13,223							26,444	13,223
Italy	23	45	3,671	2,466	2,612	727	18,035	9,026			24,341	12,264	65	23			3,514	3,662	18,449	14,332
Netherlands	11,844	10,470			3,232	400					15,076	10,870					4,154	3,696	19,230	14,566
TOTAL	12,835	11,195	20,584	16,512	17,146	1,547	18,384	9,161			68,949	35,415	65	23					117	20
Denmark					83	1	39	19			117	20					9,177	4,715	9,294	4,734
Ireland					490	17					490	17							490	17
United Kingdom	185	268	337	183	7,604	264	101	234			8,227	949	68	23			13,331	10,721	21,152	16,145
TOTAL	13,020	11,463	20,921	16,695	25,323	1,829	18,519	9,414			77,783	39,401	68	23					458	16
Austria					458	16					458	16							458	16
Portugal					265	200					265	200							265	200
Sweden			403	229							403	229							403	229
Switzerland			1,173	863	230	21			5,521	6,121	6,924	7,005					13,341	10,721	21,152	16,145
TOTAL	13,020	11,463	22,497	17,787	26,276	2,066	18,519	9,414	5,521	6,121	85,833	46,851	65	23					67,445	41,330
Greece	3,209	1,940	2,357	1,099	11,493	5,403	47,119	32,243	2,732	2,368	66,910	43,053							69,235	45,421
Turkey	4,401	1,944	1,790	680	17,137	4,449	35,004	18,259	1,028	1,050	59,350	26,412	873	695						
AFRICA																				
Angola			90	27							90	27								
Cameroon	81	149	73	31	1,625	901	593	376			2,372	1,457	161	385					2,533	1,842
Central Africa Rep					1,371	937					1,371	937							1,371	937
Congo (Brazzaville)					1,268	670	29	33			1,297	703							1,297	703
Dahomey					170	46					170	46							170	46
Libania			33	7							33	7							33	7
Madagascar			1,226	559	3,342	1,496	66	25			4,634	2,080							4,634	2,080
Mali			4,425	1,718	1,895	809	858	490			7,178	3,017	1,173	718	258	193	18,060	13,706	24,020	17,614
Mozambique	6,002	2,618	13,109	4,507	1,423	691	2,295	1,217			22,829	9,033	1,156	424	74	40			24,020	9,563
Nigeria			9	3							9	3	5	16					14	19
Sierra Leone			51	10			2,048	940			51	10							51	10
South Africa	1,781	793	17,070	6,653			85	35			20,002	8,386	886	303	479	333	11,515	6,940	31,742	15,665
Tanzania			1,865	799			119	52			1,950	834	172	113	24	14	7,838	5,029	10,419	6,821
Uganda			66	26			40	47			185	76							40	47
Zaire, Republic of							69	37	606	313	894	409	234	173	3	2			1,131	578
Zambia			73	38	126	12					313	140					841	54,324	27,175	168,210
TOTAL	7,867	3,560	38,090	14,378	11,220	5,562	6,222	3,252	606	313	64,005	27,065	3,767	2,136	1,314	841				

(Continued)

TABLE 8. -- UNMANUFACTURED TOBACCO - IMPORTS BY EC AND ENLARGED EC, 1971--CONTINUED

COUNTRY OF ORIGIN	[In thousands of pounds; In thousands of dollars]																		TOTAL: EC and ENLARGEMENT	
	BELGIUM-LUXEMBOURG		NETHERLANDS		FRANCE		WEST GERMANY		ITALY		TOTAL EC		DENMARK		IRELAND		UNITED KINGDOM			
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
ASIA:																				
China, Mainland			1,645	242	1,127	193					2,172	435	147	47	100	43			2,419	525
China, Republic of							1,243	462			1,243	462	7	12	101	62			1,351	536
Ceylon																	1,538	1,236	1,538	1,236
India	1,571	517	2,502	641	4,490	441	61	27			8,624	1,626	85	101	736	630	37,774	24,346	47,219	26,703
Indonesia	4,232	1,852	417	173	2,270	769	12,246	8,640			19,165	11,201	2,822	6,449	(1)	(1)			21,987	17,653
Japan			29	5	326	34	6,799	5,605			7,245	5,624					1,290	1,090	8,535	6,714
Korea, North																				
Korea, South			816	314	34	(1)	1,519	746			2,369	1,060	359	213	1,342	1,046	7,795	4,790	11,865	7,109
Malaysia																				
Philippines			1,466	489	2,224	582	6,141	2,063			9,831	3,134	83	51	12	9			2,791	1,601
Thailand			1,195	448	1,110	98	7,780	3,459			10,055	4,035	68	29	256	200	3,240	2,316	9,926	3,194
Middle East:																				
Cyprus			44	27			41	29			85	56			5	3			90	59
Lebanon			768	97	769	354	147	94			1,624	545							1,624	545
Syria							1,055	572			1,055	572	11	8					1,066	580
TOTAL	5,803	2,199	8,222	2,436	12,450	2,391	37,023	21,727			63,498	28,753	3,582	6,910	2,971	2,282	54,428	35,479	124,479	73,324
EUROPE, EAST:																				
Albania					341	103					341	103							341	103
Bulgaria			562	214	8,806	3,687	11,237	5,349			20,605	9,250	38	19					20,643	9,269
Germany, East					956	217					956	217							956	217
Hungary			90	31	2,269	467	880	354			3,239	852							3,239	852
Poland			204	57	73	13	15,637	6,492			15,911	6,562							15,911	6,562
U.S.S.R.			13	5			299	172			312	177							312	177
Romania			51	12	5,911	1,191	82	17			6,044	1,220							6,044	1,220
Yugoslavia					351	145	2,730	1,373			3,081	1,518							3,081	1,518
TOTAL			917	319	18,707	5,823	30,865	13,757			50,489	19,899	38	19					50,527	19,918
Other Countries	18,102	8,222	164	266	92	22	20,863	6,311	7,284	3,442	46,305	18,263	6	6	1	1	6,688	6,074	53,000	24,344
GRAND TOTAL	73,562	44,669	123,217	71,011	168,493	45,001	340,835	224,370	36,704	32,913	742,811	417,964	33,095	29,262	11,696	11,348	268,586	237,936	1,056,188	696,510

1 Less than 500.

Av. price per pound (for 1971, EC & Appl.) 61¢ 58¢ 27¢ 66¢ 90¢ 56¢ 88¢ 97¢ 89¢ 66¢

Source: Official Trade Bonds

TABLE 9.—EUROPEAN COMMUNITY STANDARD AND INTERVENTION PRICES AND BUYERS' PREMIUMS FOR THE 1970 AND 1971 CROPS OF LEAF TOBACCO¹

[In U.S. cents per pound]

Country and variety	Standard price	Intervention price	Buyer's premium	Buyer's premium as percentage of standard price
Germany:				
1. Badischer Gaudertheimer (cigar)	82.8	74.5	57.5	69
2. Badischer Burley E (burley)	100.0	90.0	54.5	55
3. Virgin SCR (flue-cured)	92.4	83.2	44.3	48
France:				
4. Paraguay Dragon Vert (air-cured).	63.5	57.2	43.3	68
5. Nijkerk (dark air)	67.1	60.4	45.0	67
6. Burley (burley and Bel)	77.5	69.7	32.2	42
7. Misionero (dark air)	58.2	52.4	41.0	71
8. Philippin Petit Grammont (dark air)	46.8	42.1	27.5	59
Belgium:				
9. Semois (dark air).	55.5	49.9	33.7	61
Italy:				
10. Bright (flue-cured)	75.5	66.6	33.8	45
11. Burley—Maryland (burley)	64.8	58.3	30.5	47
12. Kentucky Moro di Cori (flue-cured)	62.7	56.5	17.5	28
13. Nostrano (dark air)	62.4	56.1	45.3	73
14. Beneventano (dark air)	49.5	44.6	30.8	62
15. Xanti—Yaka (oriental)	96.6	86.0	54.1	56
16. Perustitza (oriental)	88.8	79.9	51.3	58
17. Erzegovina (semioriental)	79.5	71.5	48.6	61
18. Round Tip Scafati (Sumatra cigar).	404.4	364.0	226.5	56
19. Brasile Selvaggio (dark air)	40.0	36.0	8.0	20

¹ Standard and intervention prices were the same for the 1970 and 1971 crops. The buyer's premiums shown are for the 1970 crop. The buyer's premiums for the 1971 crop were changed as follows: (1) Type 11, Italian burley decreased by 1.4 cents per pound and (2) Type 10, Italian flue-cured increased by 6.4 cents per pound.

TABLE 10.—EUROPEAN COMMUNITY: STANDARD AND INTERVENTION PRICES AND BUYERS' PREMIUMS FOR THE 1972 CROP OF LEAF TOBACCO¹

[In U.S. cents per pound]²

Country and variety	Standard price	Intervention price	Buyer's premium	Buyer's premium as percentage of standard price
Germany:				
1. Badischer Geudertheimer (cigar)	98.3	88.5	68.4	70
2. Badischer Burley E. (burley)	118.7	106.9	68.1	57
3. Virgin SCR (flue-cured)	111.8	100.7	60.1	54
France:				
4. Paraguay Dragon Vert (air-cured).	74.7	67.2	51.5	69
5. Nijkerk (dark air)	78.9	71.0	55.6	70
6. Burley (burley and Bel)	89.3	80.4	45.3	51
7. Misionero (dark air)	68.4	61.6	49.8	73
8. Philippin Petit Grammont (dark air)	55.5	49.9	34.6	62
Belgium:				
9. Semois (dark air).	66.7	60.1	43.7	66
Italy:				
10. Bright (flue-cured)	87.6	78.8	53.7	61
11. Burley I	70.9	63.9	33.6	47
Maryland	75.1	67.6	40.6	54
12. Kentucky Moro di Cori (fire-cured)	72.7	65.5	25.9	36
13. Nostrano (dark air)	71.6	64.5	55.7	78
14. Beneventano (dark air)	56.9	51.2	38.7	68
15. Xanti-Yaka (oriental)	105.8	95.2	70.0	66
16. Perustitza (oriental)	99.1	89.2	64.8	65
17. Erzegovina (semioriental)	88.8	79.9	57.8	65
18. Round Tip Scafati (Sumatra (cigar)	468.9	422.0	271.2	58
19. Brasile Selvaggio (dark air)	43.8	39.4	10.7	24

¹ Farm sales weight basis.

² Based on the following exchange rates: 1 unit of account = 3.66 DM, 5,55419 French francs, 50.0 Belgium francs, and 625 Italian lira, US \$1.00 = 3.20 DM, 5.00 French francs, 44.8 Belgium francs and 581 Italian lira.

TABLE 11.—EUROPEAN COMMUNITY: STANDARD AND INTERVENTION PRICES AND BUYERS' PREMIUMS FOR THE 1972 CROP OF LEAF TOBACCO¹

[In dollars per kilogram]²

Country and variety	Standard price	Intervention price	Buyer's premium	Buyer's premium as percentage of standard price
Germany:				
1. Badischer Gaudertheimer (cigar)	2.167	1.951	1.509	70
2. Badischer Burley E (burley)	2.618	2.356	1.501	57
3. Virgin SCR (flue-cured)	2.465	2.219	1.324	54
France:				
4. Paraguay Dragon Vert (air-cured)	1.646	1.482	1.136	69
5. Nijkerk (dark air)	1.739	1.565	1.225	70
6. Burley (burley and Bel)	1.969	1.772	.999	51
7. Misionero (dark air)	1.507	1.357	1.098	73
8. Philippin Petit Grammont (dark air)	1.223	1.101	.762	62
Belgium:				
9. Semols (dark air)	1.471	1.324	.963	66
Italy:				
10. Bright (flue-cured)	1.931	1.738	1.183	61
11. Burley I	1.564	1.408	.740	47
Maryland	1.656	1.491	.896	54
12. Kentucky Moro di Cori (fire-cured)	1.603	1.443	.571	36
13. Nostrano (dark air)	1.579	1.421	1.227	78
14. Beneventano (dark air)	1.254	1.128	.853	68
15. Xanti-Yaka (oriental)	2.332	2.098	1.544	66
16. Perustitza (oriental)	2.185	1.966	1.429	65
17. Erzegovina (semioriental)	1.957	1.761	1.274	65
18. Round Tip Seafati (Sumatra cigar)	10.337	9.304	5.980	58
19. Brasile Selvaggio (dark air)966	.869	.236	24

¹ Farm sales weight basis.

² Based on the following exchange rates: 1 unit of account = 3.66 DM, 5,55419 French francs, 50.0 Belgium francs, and 625 Italian lira, US \$1.00 = 3.20 DM, 5.00 French francs, 44.8 Belgium francs, and 581 Italian lira.